

MINUTES

MONROE COUNTY AIRPORT AUTHORITY

Audit Committee Meeting

February 13, 2013

Present:

Bernard J. Iacovangelo, Esq. Chairman

Stephen Tucciarello

Don Johnson

Others Present:

Michael Giardino Administrative Director

Bob Franklin Treasurer

Angela Veltre Assistant Treasurer

Merideth H. Smith, Esq. Secretary

Brett C. Granville, Esq. Assistant Secretary

James Marasco Stonebridge Business Partners

Tom Niles Stonebridge Business Partners

Jennifer Hanrahan

Meeting was called to order by the Chairman at 11:02 am.

Approval of the Minutes from December 10, 2012

A motion was made to approve by Member Johnson and seconded by Chairman Iacovangelo. The motion passed 3-0.

2013 Proposed Internal Audit Plan

James Marasco and Tom Niles, Stonebridge Business Partners presented the proposed 2013 internal audit plan. The three phase approach includes Risk Assessment –already completed and Internal Audit Fieldwork & Reporting/Communication phase which is currently being entered. Stonebridge presented their approach to compliance auditing with a continued focus on revenue auditing to include the fuel farm, advertising, car rental concessions and food concessions. Additional areas include the banking & credit card fees to see if there is opportunity for savings for the Airport. The proposed 2013 Audit Plan addresses approximately 16% of non-airline revenue received by the Airport.

Member Johnson asked about response participation from the vendor side. Mr. Niles reported that the response is mixed. Director Giardino added that if the Audit Committee feels there are other contracts that should be looked at – we can explore that. Member Johnson asked if the audit process is the same for each vendor. Mr. Niles reported that food concession vendors experience similar audits but the fuel farm and MAPCO audits have relationships where they act as stewards for the Airport – so the process is slightly different. Member Tucciarello stated that he remembered some issues with getting percentages from car rental add-ons back then and suggested a focus on those specific areas. Mr. Niles agreed and said that they are looking to meet with car rentals to get an understanding of their reporting for example GPS systems, fuel and that would all be a part of the auditing. Member Tucciarello added he would be interested in seeing moving forward if there would be a trend on how they have been reporting their percentages.

Financials at December 31, 2012

Assistant Treasurer Angela Veltre reported the financial reports as of Dec. 31, 2012 and stated that auditors are onsite at ROC and will be here for the next two weeks. Ms. Veltre reported the cash balance as \$20 million plus with a document that details that amount by bank account. She noted this is slightly higher than the ending balance at 12/31/11. It was reported that the trustee control account has a significantly higher balance because the \$7 million is sitting with the trustee, consistent with prior years as that money is wired on one of the last business days of December. Ms. Veltre reported that the account receivable balance is consistent with prior years at \$14 Million. Ms. Veltre said the balance sheet has no unusual items to report and is consistent with what we have been looking at all year.

Assistant Treasurer Veltre reported that revenues are down approximately 1.5%. Parking revenue is up \$824,000 for the year. The other half of the revenue is due to reduced expenses in parking operations due to the milder winter, lower personnel costs, lower snow plowing costs, lower chemical costs. Also installed were Pay-In lane technology advancements, reducing personnel costs. Ms. Veltre reported that the car rental concession MAGs are significantly lower than the previous contract, due in large part to reduced enplanements at the time of bid and lower MAGs – down approximately \$569,000.

Assistant Treasurer Veltre reported that the expenses are down 5% due to operation & maintenance cost reductions and debt down \$1.1 million. Again due in large part to lower snow plowing costs, lower personnel costs for snow removal and chemical savings. In addition, the County expenses were down.

Assistant Treasurer Veltre noted that mild winter and snow removal operations reductions saved significant costs. Chairman Iacovangelo expressed that the airport operation as described above is in great shape, financials look good and enplanements are up. Assistant Treasurer Veltre reported that the final debt payment is January 1, 2019 and that ROC has done some projections where if everything remained the same as it is today – the net requirement will be negative, which means the Authority would have to set minimum rental rates moving forward.

Budget to Actual at December 31, 2012

Assistant Treasurer Veltre presented the budget to actual final report for 2012 modified slightly as the encumbrances as of 2012 are significantly less than the commitments shown at the previous. The expenses through Dec. 31 were \$30,093,000. Chairman Iacovangelo noted that overall we are still below budget which is great for an operation of this magnitude. Director Giardino added that ROC has already had more snow events for this year than we did all of last year so that will have to be considered as we move forward. Member Tucciarello asked about the return on investments. Assistant Treasurer Veltre noted that revenue from investments has declined every year since 2008, and that governments are extremely fund restricted as to where they can place money. Assistant Treasurer Veltre added that for the money controlled here most are in money market deposit accounts, earning 0.2% interest. Ms. Veltre expressed this interest rate being really low and that interest rate are not coming back in the foreseeable future per banker's expert opinion.

Directors Litigation Report

Director Giardino stated that there is no change in litigation report as reflected in last meeting minutes.

Ethics Hotline Report

Assistant Secretary Granville reported there were no calls to the hotline for month of November 2012, December 2012 and January 2013.

Other Business

No other business presented. Member Johnson had a question with the status of the Kodak Hangar. Director Giardino said his understanding is that Kodak has non-publicly accepted an offer and it is the Authority's jurisdiction to approve the assignment of the land lease.

Meeting was adjourned @ 12:03 AM

The next Audit Committee Meeting is March 20, 2013.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Brett C. Granville", written in a cursive style.

Brett C. Granville

Assistant Secretary

Dated: 2-19-13